

EXAMINER'S BANKING PRACTICES SURVEY

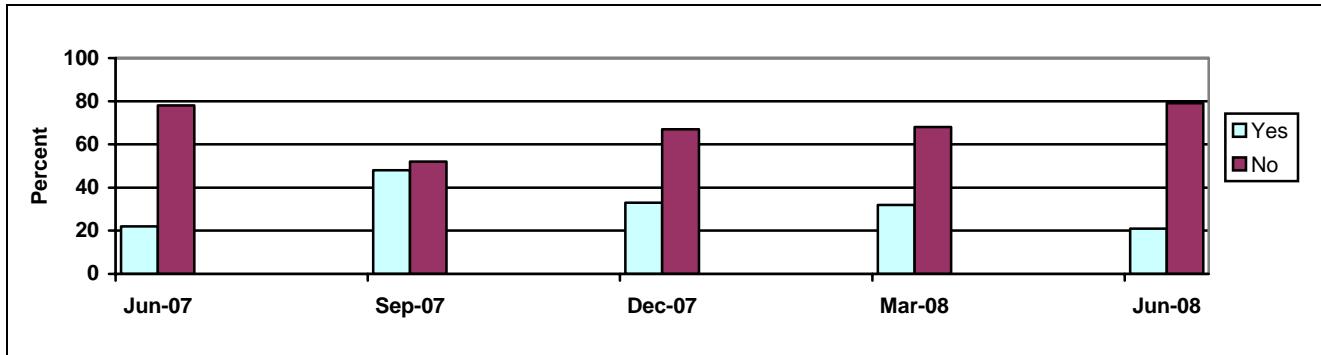
Second Quarter 2008

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2008** results are compiled from **33** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "Significantly" means growth of 20% or more.



Of yes responses:

Loan Type	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
RE/Const/Land Devel	29%	17%	7%	23%	17%
RE/Agricultural	9%	8%	14%	14%	22%
RE/Commercial/Indust	19%	25%	24%	9%	11%
RE/Residential	14%	14%	7%	14%	17%
Agricultural	5%	11%	14%	17%	11%
Commercial/Industrial	19%	22%	20%	23%	5%
Consumer	5%	3%	14%	0%	17%

2. Is the institution active in making the following types of loans?

	Sep-07		Dec-07		Mar-08		Jun-08	
	Yes 19%	No 81%	Yes 12%	No 88%	Yes 11%	No 89%	Yes 9%	No 91%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	50%		25%		33%		0%	
Dealer paper	33%		25%		33%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	17%		50%		33%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

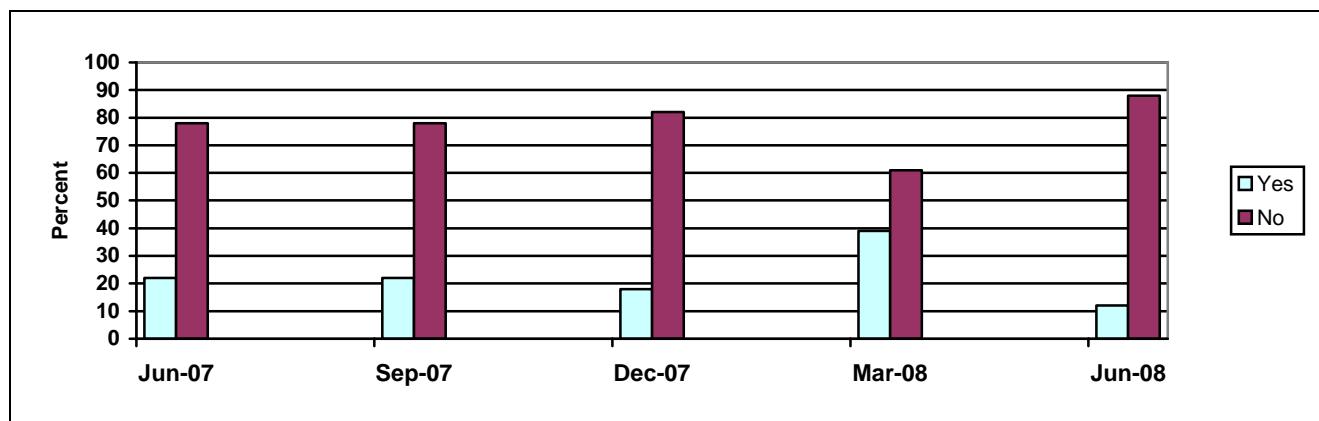
	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Yes	3%	7%	12%	11%	6%
No	97%	93%	88%	89%	94%

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4. Does the institution use credit scoring models for loan decisions?

Of Yes Responses - Loan type	Sep-07		Dec-07		Mar-08		Jun-08	
	Yes 15%	No 85%	Yes 9%	No 91%	Yes 11%	No 89%	Yes 9%	No 91%
Credit card	14%		0%		0%		0%	
Consumer	21%		29%		38%		50%	
Residential mortgage	29%		42%		38%		33%	
Small business	21%		29%		24%		17%	
Other	15%		0%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Making collateral based loans?	22%	31%	31%	24%	27%
Reduced collateral margins?	17%	19%	13%	16%	19%
Not requiring cash flow projections?	27%	25%	25%	16%	27%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	17%	19%	25%	32%	27%
Waiving guarantees or other documentation?	17%	6%	0%	8%	0%
Other	0%	0%	6%	4%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Agricultural Loans					
Minimal	84%	78%	76%	75%	88%
Moderate	16%	22%	21%	25%	12%
Substantial	0%	0%	3%	0%	0%
Commercial Loans					
Minimal	63%	52%	58%	43%	49%
Moderate	28%	37%	33%	46%	49%
Substantial	9%	11%	9%	11%	2%
Consumer Loans					
Minimal	88%	78%	76%	68%	79%
Moderate	9%	11%	21%	28%	21%
Substantial	3%	11%	3%	4%	0%
Residential Loans					
Minimal	78%	82%	76%	64%	70%
Moderate	19%	18%	21%	32%	27%
Substantial	3%	0%	3%	4%	3%

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7. Differences between actual lending practices and written policies are:

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Agricultural Loans					
Minimal	97%	93%	85%	89%	91%
Moderate	3%	7%	15%	7%	9%
Substantial	0%	0%	0%	4%	0%
Commercial Loans					
Minimal	75%	74%	82%	54%	79%
Moderate	22%	22%	15%	39%	18%
Substantial	3%	4%	3%	7%	3%
Consumer Loans					
Minimal	91%	85%	88%	78%	94%
Moderate	9%	11%	12%	18%	6%
Substantial	0%	4%	0%	4%	0%
Residential Loans					
Minimal	84%	82%	85%	75%	85%
Moderate	16%	18%	15%	21%	15%
Substantial	0%	0%	0%	4%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Carryover Debt					
Minimal	88%	89%	79%	79%	88%
Moderate	12%	11%	21%	21%	12%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	94%	89%	79%	93%	94%
Moderate	6%	11%	21%	7%	6%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	84%	82%	70%	86%	73%
Moderate	13%	18%	27%	14%	24%
Substantial	3%	0%	3%	0%	3%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

No. Banks with Inc/(Dec) in ratio (%)	Sep-07		Dec-07		Mar-08		Jun-08	
	+	-	+	-	+	-	+	-
Average Inc/(Dec) in Ratio	12.5	(5.0)	18.4	(17.2)	21.2	(10.2)	17.1	(11.8)
Cause of Increase								
Eased underwriting standards	15%		2%		8%		4%	
Deterioration in new loans	18%		14%		14%		6%	
Deterioration in older loans	44%		47%		38%		46%	
Participations or out-of-territory	3%		7%		4%		4%	
Economic conditions	10%		28%		30%		33%	
Changes in lending personnel	5%		0%		0%		2%	
New types of lending activity	0%		0%		4%		2%	
Other	5%		2%		2%		3%	

10. Estimate loan classifications at this examination into the following types:

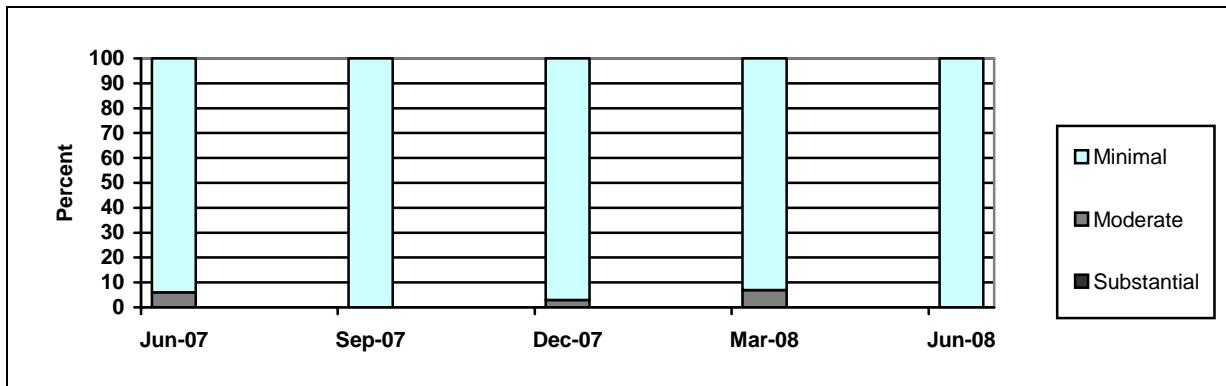
Loan Type	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
RE/Const/Land Development	21%	33%	46%	43%	36%
RE/Agriculture	3%	2%	2%	3%	2%
RE/Commercial/Industrial	29%	24%	32%	31%	28%
RE/Residential	12%	15%	7%	10%	9%
Agricultural	1%	2%	1%	1%	1%
Commercial/Industrial	31%	18%	9%	7%	21%
Consumer	3%	6%	3%	5%	3%

INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Yes	0%	0%	0%	4%	0%
No	100%	100%	100%	96%	100%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Yes	82%	89%	82%	86%	91%
No	18%	11%	18%	14%	9%
If yes, does the bank actively borrow from the FHLB?					
Yes	81%	71%	81%	67%	80%
No	19%	29%	19%	33%	20%

14. Does the bank hold off-balance sheet derivatives?

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Yes	6%	11%	0%	4%	9%
No	94%	89%	100%	96%	91%

15. List nontraditional activity the institution is engaged in.

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Yes	81%	78%	88%	79%	88%
No	19%	22%	12%	21%	12%
Of those that do:					
Nondeposit Investment Sales	23%	16%	17%	19%	12%
Insurance Sales	12%	7%	11%	6%	9%
Real Estate Loan Secondary Market Sales	19%	28%	18%	24%	24%
Non-transactional Web Site	6%	5%	11%	6%	12%
Transactional Web Site	38%	44%	39%	43%	41%
Other	2%	0%	4%	2%	2%